

Managed Risk Medical Insurance Board
March 19, 2008 Public Session

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Sophia Chang, M.D., M.P.H., and Richard Figueroa, M.B.A.

Ex Officio Members Present: Augustin Jimenez (on behalf of the Secretary for Business, Transportation and Housing), and Ruth Liu (on behalf of the Secretary for California Health and Human Services Agency).

Staff Present: Lesley Cummings, Laura Rosenthal, Shelley Rouillard, Terresa Krum, Janette Lopez, Ernesto Sanchez, Ronald Spingarn, Caroline Castaneda, Cynthia Reed, Larry Lucero, Thien Lam, Will Turner, Seth Brunner, Naomi Yates, Joanne French, Ruth Jacobs, Irma Michel (Acting), Marlene Ricigliano, Larry Lucero, Joyce Iseri, and Maria Angel.

CALL TO ORDER

Chairman Allenby called the meeting to order at 11:40.

REVIEW AND APPROVAL OF MINUTES OF JANUARY 16, 2008 PUBLIC SESSION

The Board reviewed the minutes from the January 16 meeting. One revision was requested by Chairman Allenby: The federal bill number for Senate Bill 2499 was mistakenly transposed. Dr. Crowell moved to approve the revised minutes and unanimously passed. The minutes are available at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_3_Public_Minutes_1-16-08_draft.pdf

FEDERAL BUDGET, LEGISLATION AND EXECUTIVE BRANCH ACTIVITY

President's Proposed 2008/09 Budget

SCHIP. Cynthia Reed, Legislative Analyst, informed the Board that the President's proposed budget submitted in January includes \$19.7 billion above the \$25 billion baseline for SCHIP reauthorization for five years. The budget is not based on language in an actual bill, but on concepts included in high-level summary documents analyzed in the CRS report. The proposed budget intends to cover children under SCHIP only up to

200 percent of federal poverty level (FPL). States covering children between 200 percent and 250 percent of FPL would receive a lower federal matching fund rate if they did not meet the directives issued in a letter on August 17, 2007 by the federal Centers for Medicare and Medicaid Services (CMS). Children already enrolled under SCHIP above 200 percent FPL would be allowed to remain in the program. However, if they dropped out for any reason, they would not be allowed to reenroll unless a state met all of the CMS directives. The CRS report is available at www.mrmib.ca.gov/MRMIB/Agenda_item4aMar19_08.html.

The U.S. House and Senate each passed concurrent budget resolutions which included a five-year \$50 billion deficit-neutral reserve fund for SCHIP, setting aside funds should they be needed for reauthorization. The House and Senate are negotiating the budget during the next two weeks but may not meet the April 15 deadline. The primary vehicle for the federal budget is an appropriations bill to be discussed in May, which may address SCHIP funding, however, the houses have different rules. The House requires that, unless the rules are waived, all necessary revenue sources be identified (through PAYGO rules). The Senate has no such requirement. June 30 is the appropriations deadline, which the Congress may or may not meet.

Federal High Risk Pool Funding. Ms. Reed continued to present federal developments on high risk pool funding. The President's budget proposal included \$75 million for high risk pools for FFY 2009 and again for FFY 2010. However, California's Major Risk Medical Insurance Program does not qualify for these funds due to its \$75,000 annual benefit cap.

Chairman Allenby asked for any questions or comments from the audience. There were none.

STATE BUDGET UPDATE

Governor's Executive Order for Current Year

Terresa Krum, Deputy Director for Administration, presented a copy of the Governor's Executive Order (EO), issued February 19, 2008, declaring a budget emergency. The EO calls on all state agencies and departments to reduce or eliminate non-essential or non-mission-critical expenditures to address the projected budget balance for fiscal year 2007/2008. Departments are to reduce General Fund (GF) operations by 1.5 percent of their total 2007/2008 budget. Departments may achieve cuts by taking any number of actions including implementing a hiring freeze, delaying filling vacant positions, postponing purchases or contracts, cancelling discretionary travel, or taking other measures. One-and-one-half percent of MRMIB's \$2.4 million GF 2007/2008 budget expenditure is \$37,000. MRMIB staff believe it will not be necessary to implement a hiring freeze to achieve the required savings which instead may be achieved by reducing travel and cancelling or postponing some purchases. The document is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Item_6a-03-19-08_Executive_Order.pdf.

2008-09 Budget

Terresa Krum continued to present recent developments concerning the 2008-09 Budget.

Special Session

Ms. Krum reminded the Board that the Governor declared a fiscal emergency and called a special legislative session to address it, as reported at the January Board meeting. The Governor's proposed budget provides for an across-the-board reduction of 10 percent for Genral Fund supported programs. The 10 percent reduction amounts to \$41.9 million GF and \$118 million in total funds for the Healthy Families Program. The Assembly and Senate held budget hearings in special session on the HFP reductions, respectively on January 23rd and February 4th. Neither house acted on them.

Regular Session

The Senate is scheduled to hear MRMIB budget issues on April 7 and the Assembly is scheduled to do so on April 14th and 28th. No agendas have been issued for the hearings about the issues they will address.

Chairman Allenby asked for any questions or comments. There were none.

STATE LEGISLATION UPDATE

Regular Session

Summary of Bills of Interest to MRMIB

Will Turner, Legislative Coordinator, presented a summary of the regular session bills and highlighted some of interest to the Board. On February 22nd, the deadline for introducing bills this session, nearly 1,200 bills were introduced, around 20 of which were added to the Board's bill summary. The bills can be put into six topic categories:

- Children's expansion (AB 1, SB 32, SB 1459, SB 1540, and SB 1593);
- Health care reform spin-offs (AB 2967, SB 1440, SB 1522, and, to some extent, AB 1554);
- Rescission (AB 1150, AB 1945, and SB 1553);
- Balance billing (SB 697 and SB 981);
- Mandated benefits (AB 16, AB 368, AB 1774 and SB 1634) and;
- "Cats and dogs" (AB 2644, and AB 2653).

The document is located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_7a1_Legislative_Summary.pdf.

Mr. Turner noted upcoming legislative deadlines: May 2 (last day for policy committees to meet prior to June 2nd and to pass non-fiscal bills to floor of their house of origin);

May 23 (last day for fiscal committees to meet prior to June 2nd and to pass fiscal bills to floor of their house of origin); June 2 (committees may resume meeting), and; August 31 (last day for any bill to be passed by legislature).

Chairman Allenby asked for any questions or comments. There were none.

AB 2 Update

Ernesto Sanchez presented an updated summary of Assembly Bill 2 (Dymally) which provides additional funding for the Major Risk Medical Insurance Program. The Board has previously taken a support position on the bill. The document is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_7a2-AB2_Revised_Analysis_Final_3-19-08.pdf

Chairman Allenby asked for any questions or comments. There were none.

Special Legislative Session

Ronald Spingarn, Deputy Director Legislation and External Affairs, reported that the Governor declared three special sessions about water, health care and the budget. Special sessions end when the two houses agree to their end. They may continue, otherwise, until the end of the regular session.

Chairman Allenby asked for any questions or comments. There were none.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Thien Lam, Eligibility Operations Division Manager, reported that HFP has more than 845,000 children enrolled in the program, with more than 23,200 new subscribers last month. The majority of those enrolled continue to be Latino and the top five counties for enrollment continue to be in southern California, representing around 60 percent of HFP's total enrollment. Nearly 69 percent of applications received through the single point of entry were sent to the HFP. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_8a-HFP_Enrollment_Summary.pdf

Chairman Allenby asked for any questions or comments.

Dr. Crowell said she was grieved to see another month with enrollment below the peak HFP enrollment of the past.

Mr. Figueroa wondered if the past spike was due to public fear that enrollment into the HFP might be closed because of the federal SCHIP funding impasse. Chairman Allenby agreed that this could be the case.

Ms. Lam said that January and February new enrollment was lower than other months in both 2006 and 2007. In addition, staff believes that there was a residual impact on enrollment due to the wildfires in southern California as some families waited for results from their appeals to enroll in the program and, if they were not successful, their child was disenrolled.

Administrative Vendor Performance Report

Ms. Lam reported that the HFP administrative vendor met 17 of 18 process and quality performance requirements: responding to calls with a live operator within 25 seconds was not met (72.5 percent instead of the required 85 percent of all calls received).

Ms. Lam introduced Michael Lemberg, HFP project manager at MAXIMUS, to explain why the standard was not met. The report is posted at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_8b-HFP_Vendor_Perf_QA_Report.pdf

Mr. Lemberg first commented on enrollment. He noted that the November/December peak in enrollment was artificial because coverage was temporarily extended to children in the southern California counties affected by wildfires. These were children who would otherwise have been disenrolled at AER. MAXIMUS suspended AER disenrollments for children in the affected counties. Now enrollment is normalizing.

And the wildfire did contribute to the call center service level. The call center saw an increase of 50 percent in calls in February 2008 compared to February 2007. While enrollment in HFP increased 7 percent from last year, that would not account for the 50 percent increase. Upon investigation two factors were at work. First, families in the counties affected by the wildfires called because their AER's were not being processed. MAXIMUS got 40,000 more calls than normal. Secondly, staffing was down by 15 percent because of the flu.

In order to prevent this from happening again, MAXIMUS is planning to use a more flexible schedule and possibly hiring a pool of part-time, on-call staff.

Chairman Allenby asked if there were any questions or comments. There were none.

Enrollment Entities(EEs)/Certified Application Assistants (CAAs) Reimbursement Report

Larry Lucero, Special Projects Section Manager, presented the CAA and EE report. Nearly 19,400 CAAs and 2,800 EEs are in the program. In the current fiscal year, the HFP paid nearly \$4.2 million to CAAs/EEs and paid nearly 80,000 items. The program recently celebrated its 3rd anniversary for web-based training, which 3,300 CAAs have completed. Mr. Lucero also reviewed trend data for CAA use of the Health-e-app. Payments for each completed application increased from \$50 to \$60 on July 1, 2006. In July 2006, CAA's submitted 2,700 Health-e-app. In January 2008, there were 5,600.

The report is posted at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_8.c-EE_Payment_Report.pdf

Chairman Allenby asked if there were any questions or comments. There were none.

Extension of Administrative Vendor Contract

Irma Michel, Acting Deputy Director of Eligibility, presented a report recommending an extension of the contract for administrative services for the HFP, the AIM program and the single point of entry. MRMIB awarded the contract to MAXIMUS in April 2003, and MAXIMUS began administering the programs on January 1, 2004. The contract with MAXIMUS made numerous customer service improvements over the prior contract and had a lower cost than under the prior contract and the competing bid. The contract contains a number of performance standards for processing and accuracy standards that are the highest in the country. Since June of 2004, MAXIMUS has met 459 of 462 performance standards and all of its accuracy standards. MAXIMUS has also quickly implemented program changes. MRMIB staff recommend extending the MAXIMUS contract for one year. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/ageneda_item_8.d.pdf.

Chairman Allenby asked if there were any questions or comments. There were none.

Dr. Crowell moved to adopt the resolution extending the MAXIMUS contract for one year. Dr. Chang seconded the motion which passed unanimously.

HFP Advisory Panel Summary

Janette Lopez, Chief Deputy Director, presented the summary of the HFP Advisory Panel meeting on January 7th. Mr. Jack Campana, Chair of the Panel, was unable to attend today due to illness. At the meeting, Ms. Lopez swore in new panel members and Mr. Campana was reelected to serve as its chair for 2008. Ms. Lopez recounted highlights of the panel meeting minutes or which are posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_8f_Advisory_Panel_Appointments.pdf.

Chairman Allenby asked if there were any questions or comments. There were none.

HFP Advisory Panel Appointments

Ms. Michell recommended that the Board appoint Dr. Martin Steigner from Sonoma County to the licensed practicing dentist position on the HFP Advisory Panel. He serves children enrolled in the HFP in his private practice.

Board Member Figueroa moved to appoint Dr. Steigner to the panel. Dr. Crowell seconded the motion which passed unanimously.

HFP 2008/09 Plan Contracting

Ms. Lopez reminded the Board that to conduct open enrollment on the usual schedule, the budget reduction proposals and associated trailer bill language had to be passed by

March 1, 2008. As this did not occur, staff recommend delaying open enrollment until after the budget is final.

Chairman Allenby asked if there were any questions or concerns about accepting the recommendations. There were none.

Adoption of Emergency Regulations to Modify the Timeline for Designating Community Provider Plans

Laura Rosenthal, Chief Counsel, presented proposed emergency regulations to modify the timeline for designating community provider plans. Ms. Rosenthal reported that, due to the fiscal crisis, MRMIB staff are not adhering to the regular HFP contracting process and regular timelines for extensions. Consequently, MRMIB staff believes that a few technical, but urgent changes are needed to the proposed regulations which prescribe a timeline that MRMIB will not be able to meet this year. Ms. Rosenthal reviewed each of the changes in the proposed regulations. The importance of adopting emergency regulations is to avoid being out of compliance with the regulations. It is also essential that the Board not prematurely designate community provider plans because if it then must redesignate based on final plan services areas (once the budget is final) it would be disruptive to subscribers' and applicants' coverage. The proposed regulations are posted at www.mrmib.ca.gov/MRMIB/Agenda_item8hMar19_08.html.

Ms. Rosenthal recommended that the Board adopt the proposed emergency regulations to be filed with the Office of Administrative Law and that the Board adopt a finding of emergency which includes a waiver of the 5-day public notice period, as allowed by the Administrative Procedure Act.

Chairman Allenby asked if there were any questions or concerns about accepting the recommendations. There were none.

Dr. Chang moved to adopt the proposed emergency regulations. The Board passed the regulations unanimously. Dr. Crowell moved that a finding of an emergency be included with the regulations. Dr. Chang seconded the motion and the motion unanimously passed.

Federal Annual Report

Ruth Jacobs, Benefits and Quality Monitoring Assistant Deputy Director, presented a summary of the 2007 Federal Annual Report (FAR). Federal law requires states to annually assess operations of State Children Health Insurance Program-funded programs, and assess progress made towards reducing the number of uninsured low-income children. The report, which is very complex and lengthy, requires substantial coordination among all of MRMIB's divisions. MRMIB has produced FARs since 2000. Ms. Jacobs offered to provide hard copies of the complete report to any Board member or anyone else who would like it.

Chairman Allenby asked if anyone at the federal level has ever commented on the report. Ms. Jacobs said they had not. Mr. Figueroa said that he has been told that the

reports are needed in order to answer questions asked by Congress and other entities. Ms. Jacobs said that last year the federal U.S. Government Accountability Office audited FARs and identified some problems. Ms. Jacobs said that the 2007 FAR highlights program challenges and accomplishments in FFY 2007. The greatest challenge reported was the August 17, 2007 letter issued by the Center for Medicare and Medicaid Services which seeks to limit states' flexibility enrolling children above 250 percent FPL in SCHIP coverage. Two new questions in the 2007 FAR address issues from the letter. One question was what percentage of children below 200 percent of FPL eligible for Medicaid or SCHIP are enrolled in these programs. The second question was whether or not children above 250 percent of FPL are enrolled in coverage. Additional challenges and accomplishments identified by MRMIB staff are included in the FAR summary.

The summary of the FAR is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_item_8_i-March_19_2008_Board_Meeting.pdf, and the complete FAR is posted at <http://www.mrmib.ca.gov/MRMIB/HFP/Fed07AnnualRpt.pdf>.

Chairman Allenby asked if there were any questions, concerns about accepting the recommendations or comments from Board members or the public. There were none.

ACCESS FOR INFANTS AND MOTHERS (AIM) PROGRAM UPDATE

Enrollment Report

Ms. Lam informed the Board that in February 929 new subscribers enrolled, bringing the total to nearly 7,450 pregnant women. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_9a-AIM_Enrollment.pdf. There were no public comments or questions.

Administrative Vendor Performance Report

Ms. Lam presented the latest report to the Board. The contractor met all of its target goals. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_9b-AIM_Adm_Vendor_Perf_Summary.pdf. There were no public comments or questions.

Update on AIM Miscarriage Issues

Chairman Allenby said that this item is removed from the agenda and instead will be taken up at the April 16th Board meeting.

2008-09 Plan Contracting

Ms. Lopez reminded the Board that the AIM contracts are tied to HFP contracting as all babies born to women enrolled in AIM are enrolled in HFP after birth.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Naomi Yates, Health Policy Manager, presented the latest report to the Board. In February 7,880 persons were enrolled. There were 345 disenrollments in February, possibly related to premium increases January 1st and the new \$450 deductible established February 1st. MRMIB staff will conduct an annual survey of persons who disenrolled in February and will add a question about the new deductible. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_10a-MRMIP_Enrollment_Summary.pdf.

Chairman Allenby asked if there were any questions or comments. There were none.

Update on Enrollment Cap and Waiting List

Lesley Cummings, Executive Director, reported that last week MRMIB staff closed new enrollment to MRMIP. Forty persons are now on the wait list. Although enrollment was also closed to the program last year, it did not last long because the number of disenrollments allowed persons to enroll shortly thereafter. As a result of the recent submission of some health plan claims, it is likely that the program will remain closed for the rest of the current fiscal year. Due to reduced program funds for next year and a lack of carryover funds, it is also likely that enrollment will remain closed next fiscal year.

Chairman Allenby asked if this give impetus to the passage of AB 2. Ms. Cummings said that it may do so once word of it gets out. Chairman Allenby asked if MRMIB staff will work to get out word of the situation. Ms. Cummings agreed to do so.

Chairman Allenby asked if there were any questions or comments. There were none.

Administrative Vendor Performance Report

Ms. Yates presented the latest report to the Board. All of the standards were met. The report is posted at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_031908/Agenda_Item_10c-MRMIP_Adm_Vendor_Perf_for_February_2008_activity.pdf

Chairman Allenby asked if there were any questions or comments. There were none.

There being no further business to come before the Board, Chairman Allenby duly adjourned the meeting at 12:32 pm.